

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1651**

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**Introduced by Assembly Members ~~Alarcon and Arambula~~ Member  
*Arambula***

February 23, 2007

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An act to add Sections 17053.71 and 23671 to the Revenue and Taxation Code, relating to environmental quality, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1651, as amended, ~~Alarcon~~ *Arambula*. Environmental quality: tax credit: qualified green machinery.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize a credit against those taxes for each taxable year beginning on or after January 1, 2007, in an amount equal to the amount paid or incurred during the taxable year by a qualified green business, as defined, for purchasing or upgrading qualified green machinery, as defined.

~~Existing law establishes various programs to reduce waste and protect the environment.~~

~~This bill would declare the intent of the Legislature to enact legislation to establish a California certified green business program that will assist businesses that operate in California to protect the environment, conserve natural resources, and reduce pollution.~~

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 17053.71 is added to the Revenue and Taxation Code, to read:

17053.71. (a) For each taxable year beginning on or after January 1, 2007, there shall be allowed as a credit against the “net tax,” as defined in Section 17039, an amount equal to the amount paid or incurred during the taxable year by a qualified green business for purchasing or upgrading qualified green machinery.

(b) For purposes of this section, all of the following apply:

(1) “Qualified green business” means a person or entity that meets both of the following criteria:

(A) The person or entity has never been fined for an environmental impropriety.

(B) The person or entity is engaged in the conduct of a trade or business within an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(2) “Qualified green machinery” means manufacturing machinery that, as purchased or upgraded, meets all of the following criteria:

(A) The machinery is more fuel efficient than the industry average for the machinery.

(B) The machinery releases less carbon dioxide than the industry average for the machinery.

(C) The machinery does not release ozone depleting substances.

(c) Any deduction otherwise allowed under this part for any amount paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit allowed under this section.

(d) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding years if necessary, until the credit is exhausted.

SEC. 2. Section 23671 is added to the Revenue and Taxation Code, to read:

23671. (a) For each taxable year beginning on or after January 1, 2007, there shall be allowed as a credit against the “tax,” as defined in Section 23036, an amount equal to the amount paid or

1 incurred during the taxable year by a qualified green business for  
2 purchasing or upgrading qualified green machinery.

3 (b) For purposes of this section, all of the following apply:

4 (1) “Qualified green business” means a person or entity that  
5 meets both of the following criteria:

6 (A) The person or entity has never been fined for an  
7 environmental impropriety.

8 (B) The person or entity is engaged in the conduct of a trade or  
9 business within an enterprise zone designated pursuant to Chapter  
10 12.8 (commencing with Section 7070) of Division 7 of Title 1 of  
11 the Government Code.

12 (2) “Qualified green machinery” means manufacturing  
13 machinery that, as purchased or upgraded, meets all of the  
14 following criteria:

15 (A) The machinery is more fuel efficient than the industry  
16 average for the machinery.

17 (B) The machinery releases less carbon dioxide than the industry  
18 average for the machinery.

19 (C) The machinery does not release ozone depleting substances.

20 (c) Any deduction otherwise allowed under this part for any  
21 amount paid or incurred by the taxpayer upon which the credit is  
22 based shall be reduced by the amount of the credit allowed under  
23 this section.

24 (d) In the case where the credit allowed by this section exceeds  
25 the “tax,” the excess may be carried over to reduce the “tax” in  
26 the following year, and succeeding years if necessary, until the  
27 credit is exhausted.

28 ~~SEC. 3. It is the intent of the Legislature to enact legislation~~  
29 ~~to establish a California certified green business program that will~~  
30 ~~assist businesses that operate in California to protect the~~  
31 ~~environment, conserve natural resources, and reduce pollution.~~

32 ~~SEC. 4.~~

33 *SEC. 3.* This act provides for a tax levy within the meaning  
34 of Article IV of the Constitution and shall go into immediate effect.